

STATE BOARD OF ACCOUNTS
302 West Washington Street
Room E418
INDIANAPOLIS, INDIANA 46204-2765

AUDIT REPORT

OF

TOWN OF BOURBON

MARSHALL COUNTY, INDIANA

January 1, 2004 to December 31, 2005



FILED
10/26/2006

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Kimberly A. Berger	01-01-04 to 12-31-07
President of the Town Council	Bill Keyser	01-01-04 to 12-31-06
Superintendent of Utilities	Marvin Martin Michael McFarland	01-01-04 to 09-14-05 09-15-05 to 12-31-06



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT AUDITOR'S REPORT

TO: THE OFFICIALS OF THE TOWN OF BOURBON, MARSHALL COUNTY, INDIANA

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Bourbon (Town), as of and for the years ended December 31, 2004 and 2005, which collectively comprise the Town's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Town's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

As discussed in Note I, the Town prepares its financial statements on the prescribed basis of accounting that demonstrates compliance with the cash and investment basis and budget laws of the State of Indiana, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The basis of accounting noted above is a different basis than that used in the prior year.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash and investment balances of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town as of December 31, 2004 and 2005, and the respective cash receipts and cash disbursements during the years then ended on the basis of accounting described in Note I.

The Schedule of Funding Progress, as listed in the table of contents, is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management, regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

The Town has not presented Management's Discussion and Analysis or Budgetary Comparison Schedules that accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the basic financial statements.

INDEPENDENT AUDITOR'S REPORT
(Continued)

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The Combining Schedules, as listed in the table of contents, and Schedule of Long-Term Debt are presented for additional analysis and are not a required part of the basic financial statements. The Combining Schedules, as listed in the table of contents, have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The Schedule of Long-Term Debt has not been subjected to the auditing procedures applied by us in the audit of the basic financial statements and, accordingly, we express no opinion on it.

STATE BOARD OF ACCOUNTS

September 21, 2006

TOWN OF BOURBON
STATEMENT OF ACTIVITIES AND NET ASSETS - CASH AND INVESTMENT BASIS
For The Year Ended December 31, 2004

Functions/Programs	Program Receipts				Net (Disbursement) Receipt and Changes in Net Assets		
	Disbursements	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total
					Governmental Activities	Business-Type Activities	
Primary government:							
Governmental activities:							
General government	\$ 234,562	\$ 54,005	\$ -	\$ -	\$ (180,557)	\$ -	\$ (180,557)
Public safety	413,828	57,097	2,575	9,000	(345,156)	-	(345,156)
Highways and streets	269,988	-	-	79,284	(190,704)	-	(190,704)
Sanitation	66,210	72,026	-	-	5,816	-	5,816
Economic development	7	-	-	-	(7)	-	(7)
Culture and recreation	24,877	1,122	-	-	(23,755)	-	(23,755)
Principal	25,000	-	-	-	(25,000)	-	(25,000)
Interest on long-term debt	5,530	-	-	-	(5,530)	-	(5,530)
Total governmental activities	1,040,002	184,250	2,575	88,284	(764,893)	-	(764,893)
Business-type activities:							
Water	272,605	266,857	-	-	-	(5,748)	(5,748)
Wastewater	268,554	262,984	-	-	-	(5,570)	(5,570)
Total business-type activities	541,159	529,841	-	-	-	(11,318)	(11,318)
Total primary government	\$ 1,581,161	\$ 714,091	\$ 2,575	\$ 88,284	(764,893)	(11,318)	(776,211)
General receipts:							
Property taxes					351,135	-	351,135
Intergovernmental					376,400	-	376,400
Other local sources					34,671	-	34,671
Unrestricted investment earnings					13,738	-	13,738
Total general receipts					775,944	-	775,944
Change in net assets					11,051	(11,318)	(267)
Net assets - beginning					1,256,958	415,568	1,672,526
Net assets - ending					\$ 1,268,009	\$ 404,250	\$ 1,672,259
<u>Assets</u>							
Cash and investments					\$ 1,255,542	\$ 90,504	\$ 1,346,046
Restricted assets:							
Cash and investments					12,467	313,746	326,213
Total assets					\$ 1,268,009	\$ 404,250	\$ 1,672,259
<u>Net Assets</u>							
Restricted for:							
Debt service					\$ 12,467	\$ 83,919	\$ 96,386
Other purposes					-	229,827	229,827
Unrestricted					1,255,542	90,504	1,346,046
Total net assets					\$ 1,268,009	\$ 404,250	\$ 1,672,259

The notes to the financial statements are an integral part of this statement.

TOWN OF BOURBON
STATEMENT OF ASSETS AND FUND BALANCES AND RECEIPTS,
DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
GOVERNMENTAL FUNDS
For The Year Ended December 31, 2004

	General	Motor Vehicle Highway	Center Street Project	Other Governmental Funds	Totals
Receipts:					
Taxes	\$ 136,406	\$ 142,645	\$ -	\$ 72,084	\$ 351,135
Licenses and permits	3,697	-	-	120	3,817
Intergovernmental	354,585	69,299	-	33,975	457,859
Charges for services	4,500	1,537	-	174,854	180,891
Fines and forfeits	806	-	-	3,774	4,580
Other	21,113	-	-	31,658	52,771
Total receipts	521,107	213,481	-	316,465	1,051,053
Disbursements:					
General government	206,944	-	-	21,403	228,347
Public safety	376,924	-	-	36,904	413,828
Highways and streets	-	137,444	-	20,350	157,794
Sanitation	-	-	-	66,210	66,210
Culture and recreation	24,877	-	-	-	24,877
Urban redevelopment and housing	-	-	-	7	7
Debt service:					
Principal	-	-	-	25,000	25,000
Interest	-	-	-	5,530	5,530
Capital outlay:					
General government	-	-	-	6,215	6,215
Highways and streets	-	-	88,114	24,080	112,194
Total disbursements	608,745	137,444	88,114	205,699	1,040,002
Excess (deficiency) of receipts over disbursements	(87,638)	76,037	(88,114)	110,766	11,051
Other financing sources (uses)					
Transfers in	3,260	-	-	-	3,260
Transfers out	-	-	-	(3,260)	(3,260)
Total other financing sources (uses)	3,260	-	-	(3,260)	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(84,378)	76,037	(88,114)	107,506	11,051
Cash and investment fund balance - beginning	277,645	30,079	507,484	441,750	1,256,958
Cash and investment fund balance - ending	<u>\$ 193,267</u>	<u>\$ 106,116</u>	<u>\$ 419,370</u>	<u>\$ 549,256</u>	<u>\$ 1,268,009</u>
Cash and Investment Assets - December 31					
Cash and investments	\$ 193,267	\$ 106,116	\$ 419,370	\$ 536,789	\$ 1,255,542
Restricted assets:					
Cash and investments	-	-	-	12,467	12,467
Total cash and investment assets - December 31	<u>\$ 193,267</u>	<u>\$ 106,116</u>	<u>\$ 419,370</u>	<u>\$ 549,256</u>	<u>\$ 1,268,009</u>
Cash and Investment Fund Balance - December 31					
Restricted for:					
Debt service	\$ -	\$ -	\$ -	\$ 12,467	\$ 12,467
Unrestricted	193,267	106,116	419,370	536,789	1,255,542
Total cash and investment fund balance - December 31	<u>\$ 193,267</u>	<u>\$ 106,116</u>	<u>\$ 419,370</u>	<u>\$ 549,256</u>	<u>\$ 1,268,009</u>

The notes to the financial statements are an integral part of this statement.

TOWN OF BOURBON
STATEMENT OF ASSETS AND FUND BALANCES AND
RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
PROPRIETARY FUNDS
As of and for the Year Ended December 31, 2004

	Water Utility	Wastewater Utility	Total
Operating receipts:			
Metered water receipts:	\$ 211,785	\$ -	\$ 211,785
Fire protection receipts	35,880	-	35,880
Penalties	4,481	5,797	10,278
Other water receipts	7,871	-	7,871
Measured revenue	-	250,722	250,722
	<u>260,017</u>	<u>256,519</u>	<u>516,536</u>
Total operating receipts			
Operating disbursements:			
Salaries and wages	118,259	64,809	183,068
Employee pensions and benefits	41,444	20,186	61,630
Purchased power	9,619	11,560	21,179
Chemicals	4,726	500	5,226
Material and supplies	5,818	5,722	11,540
Contractual services	49,246	46,234	95,480
Transportation disbursements	2,527	2,336	4,863
Insurance disbursements	10,849	9,479	20,328
Gross income tax	3,162	-	3,162
Other disbursements	6,653	3,518	10,171
	<u>252,303</u>	<u>164,344</u>	<u>416,647</u>
Total operating disbursements			
Excess of operating receipts over operating disbursements	<u>7,714</u>	<u>92,175</u>	<u>99,889</u>
Nonoperating receipts (disbursements):			
Interest and investment receipts	1,880	1,510	3,390
Miscellaneous receipts	4,960	4,955	9,915
Debt service of principal	-	(55,000)	(55,000)
Interest and investment disbursement	-	(5,775)	(5,775)
Miscellaneous disbursements	(20,302)	(43,435)	(63,737)
	<u>(13,462)</u>	<u>(97,745)</u>	<u>(111,207)</u>
Total nonoperating receipts (disbursements)			
Deficiency of receipts over disbursements and nonoperating receipts (disbursements)	(5,748)	(5,570)	(11,318)
Cash and investment fund balance - beginning	<u>276,025</u>	<u>139,543</u>	<u>415,568</u>
Cash and investment fund balance - ending	<u>\$ 270,277</u>	<u>\$ 133,973</u>	<u>\$ 404,250</u>
<u>Cash and Investment Assets - December 31</u>			
Cash and investments	\$ 80,450	\$ 10,054	\$ 90,504
Restricted assets:			
Cash and investments	<u>189,827</u>	<u>123,919</u>	<u>313,746</u>
Total cash and investment assets - December 31	<u>\$ 270,277</u>	<u>\$ 133,973</u>	<u>\$ 404,250</u>
<u>Cash and Investment Fund Balance - December 31</u>			
Restricted for:			
Debt service	\$ -	\$ 83,919	\$ 83,919
Other purposes	189,827	40,000	229,827
Unrestricted	<u>80,450</u>	<u>10,054</u>	<u>90,504</u>
Total cash and investment fund balance - December 31	<u>\$ 270,277</u>	<u>\$ 133,973</u>	<u>\$ 404,250</u>

The notes to the financial statements are an integral part of this statement.

TOWN OF BOURBON
STATEMENT OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
FIDUCIARY FUNDS
For The Year Ended December 31, 2004

	Private-Purpose Trust Funds	Agency Fund
Additions:		
Contributions:		
Other	\$ 29,675	\$ -
Total contributions	29,675	-
Agency fund additions	-	507,210
Total additions	29,675	507,210
Deductions:		
Capital outlay	27,065	-
Agency fund deductions	-	507,723
Total deductions	27,065	507,723
Excess (deficiency) of total additions over total deductions	2,610	(513)
Cash and investment fund balance - beginning	47,604	1,650
Cash and investment fund balance - ending	\$ 50,214	\$ 1,137

The notes to the financial statements are an integral part of this statement.

TOWN OF BOURBON
STATEMENT OF ACTIVITIES AND NET ASSETS - CASH AND INVESTMENT BASIS
For The Year Ended December 31, 2005

Functions/Programs	Program Receipts				Net (Disbursement) Receipt and Changes in Net Assets		
	Disbursements	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-Type Activities	Total
Primary government:							
Governmental activities:							
General government	\$ 252,318	\$ 53,434	\$ -	\$ -	\$ (198,884)	\$ -	\$ (198,884)
Public safety	423,724	50,806	2,039	-	(370,879)	-	(370,879)
Highways and streets	209,456	900	-	73,920	(134,636)	-	(134,636)
Sanitation	62,706	74,750	-	-	12,044	-	12,044
Economic development	5,097	-	-	-	(5,097)	-	(5,097)
Culture and recreation	33,778	1,325	-	-	(32,453)	-	(32,453)
Principal	30,000	-	-	-	(30,000)	-	(30,000)
Interest on long-term debt	4,444	-	-	-	(4,444)	-	(4,444)
Total governmental activities	1,021,523	181,215	2,039	73,920	(764,349)	-	(764,349)
Business-type activities:							
Water	235,210	265,331	-	-	-	30,121	30,121
Wastewater	268,209	266,624	-	-	-	(1,585)	(1,585)
Total business-type activities	503,419	531,955	-	-	-	28,536	28,536
Total primary government	\$ 1,524,942	\$ 713,170	\$ 2,039	\$ 73,920	(764,349)	28,536	(735,813)
General receipts:							
Property taxes					646,819	-	646,819
Intergovernmental					255,591	-	255,591
Other local sources					30,177	-	30,177
Unrestricted investment earnings					15,917	-	15,917
Total general receipts					948,504	-	948,504
Change in net assets					184,155	28,536	212,691
Net assets - beginning					1,268,009	404,250	1,672,259
Net assets - ending					\$ 1,452,164	\$ 432,786	\$ 1,884,950
Assets							
Cash and investments					\$ 1,435,629	\$ 118,320	\$ 1,553,949
Restricted assets:							
Cash and investments					16,535	314,466	331,001
Total assets					\$ 1,452,164	\$ 432,786	\$ 1,884,950
Net Assets							
Restricted for:							
Debt service					\$ 16,535	\$ 83,919	\$ 100,454
Other purposes					-	230,547	230,547
Unrestricted					1,435,629	118,320	1,553,949
Total net assets					\$ 1,452,164	\$ 432,786	\$ 1,884,950

The notes to the financial statements are an integral part of this statement.

TOWN OF BOURBON
STATEMENT OF ASSETS AND FUND BALANCES AND RECEIPTS,
DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
GOVERNMENTAL FUNDS
For The Year Ended December 31, 2005

	General	Motor Vehicle Highway	Center Street Project	Other Governmental Funds	Totals
Receipts:					
Taxes	\$ 495,207	\$ 92,578	\$ -	\$ 59,034	\$ 646,819
Licenses and permits	2,770	-	-	95	2,865
Intergovernmental	232,956	62,878	-	35,466	331,300
Charges for services	2,500	900	-	175,677	179,077
Fines and forfeits	582	-	-	813	1,395
Other	27,837	182	-	16,203	44,222
Total receipts	761,852	156,538	-	287,288	1,205,678
Disbursements:					
General government	195,730	-	-	21,000	216,730
Public safety	372,674	-	-	51,050	423,724
Highways and streets	-	167,658	-	20,690	188,348
Sanitation	-	-	-	62,706	62,706
Culture and recreation	33,778	-	-	-	33,778
Urban redevelopment and housing	-	-	-	5,097	5,097
Debt service:					
Principal	-	-	-	30,000	30,000
Interest	-	-	-	4,444	4,444
Capital outlay:					
General government	-	-	-	35,588	35,588
Highways and streets	-	-	21,108	-	21,108
Total disbursements	602,182	167,658	21,108	230,575	1,021,523
Excess (deficiency) of receipts over disbursements	159,670	(11,120)	(21,108)	56,713	184,155
Other financing sources (uses)					
Transfers in	62,921	-	-	-	62,921
Transfers out	(39,803)	(17,228)	-	(5,890)	(62,921)
Total other financing sources (uses)	23,118	(17,228)	-	(5,890)	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	182,788	(28,348)	(21,108)	50,823	184,155
Cash and investment fund balance - beginning	193,267	106,116	419,370	549,256	1,268,009
Cash and investment fund balance - ending	<u>\$ 376,055</u>	<u>\$ 77,768</u>	<u>\$ 398,262</u>	<u>\$ 600,079</u>	<u>\$ 1,452,164</u>
<u>Cash and Investment Assets - December 31</u>					
Cash and investments	\$ 376,055	\$ 77,768	\$ 398,262	\$ 583,544	\$ 1,435,629
Restricted assets:					
Cash and investments	-	-	-	16,535	16,535
Total cash and investment assets - December 31	<u>\$ 376,055</u>	<u>\$ 77,768</u>	<u>\$ 398,262</u>	<u>\$ 600,079</u>	<u>\$ 1,452,164</u>
<u>Cash and Investment Fund Balance - December 31</u>					
Restricted for:					
Debt service	\$ -	\$ -	\$ -	\$ 16,535	\$ 16,535
Unrestricted	376,055	77,768	398,262	583,544	1,435,629
Total cash and investment fund balance - December 31	<u>\$ 376,055</u>	<u>\$ 77,768</u>	<u>\$ 398,262</u>	<u>\$ 600,079</u>	<u>\$ 1,452,164</u>

The notes to the financial statements are an integral part of this statement.

TOWN OF BOURBON
STATEMENT OF ASSETS AND FUND BALANCES AND
RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
PROPRIETARY FUNDS
As of and for the Year Ended December 31, 2005

	Water Utility	Wastewater Utility	Total
Operating receipts:			
Metered water receipts:	\$ 204,874	\$ -	\$ 204,874
Fire protection receipts	38,400	-	38,400
Penalties	4,680	6,412	11,092
Other water revenue	8,621	-	8,621
Measured revenue	-	252,814	252,814
	<hr/>	<hr/>	<hr/>
Total operating receipts	256,575	259,226	515,801
Operating disbursements:			
Salaries and wages	94,823	95,974	190,797
Employee pensions and benefits	32,637	32,873	65,510
Purchased power	9,314	9,994	19,308
Chemicals	4,662	646	5,308
Material and supplies	6,488	5,673	12,161
Contractual services	31,707	43,052	74,759
Transportation disbursements	3,103	4,290	7,393
Insurance disbursements	8,296	8,296	16,592
Gross income tax	2,412	-	2,412
Other disbursements	10,130	6,150	16,280
	<hr/>	<hr/>	<hr/>
Total operating disbursements	203,572	206,948	410,520
Excess of operating receipts over operating disbursements	<hr/>	<hr/>	<hr/>
	53,003	52,278	105,281
Nonoperating receipts (disbursements):			
Interest and investment receipts	2,436	1,868	4,304
Miscellaneous receipts	6,320	5,530	11,850
Debt service of principal	-	(55,000)	(55,000)
Interest and investment disbursement	-	(2,888)	(2,888)
Miscellaneous disbursements	(31,638)	(3,373)	(35,011)
	<hr/>	<hr/>	<hr/>
Total nonoperating receipts (disbursements)	(22,882)	(53,863)	(76,745)
Excess of receipts over disbursements and nonoperating receipts (disbursements)	30,121	(1,585)	28,536
Cash and investment fund balance - beginning	<hr/>	<hr/>	<hr/>
	270,277	133,973	404,250
Cash and investment fund balance - ending	<hr/>	<hr/>	<hr/>
	\$ 300,398	\$ 132,388	\$ 432,786
<u>Cash and Investment Assets - December 31</u>			
Cash and investments	\$ 109,851	\$ 8,469	\$ 118,320
Restricted assets:			
Cash and investments	<hr/>	<hr/>	<hr/>
	190,547	123,919	314,466
Total cash and investment assets - December 31	<hr/>	<hr/>	<hr/>
	\$ 300,398	\$ 132,388	\$ 432,786
<u>Cash and Investment Fund Balance - December 31</u>			
Restricted for:			
Debt service	\$ -	\$ 83,919	\$ 83,919
Other purposes	190,547	40,000	230,547
Unrestricted	<hr/>	<hr/>	<hr/>
	109,851	8,469	118,320
Total cash and investment fund balance - December 31	<hr/>	<hr/>	<hr/>
	\$ 300,398	\$ 132,388	\$ 432,786

The notes to the financial statements are an integral part of this statement.

TOWN OF BOURBON
STATEMENT OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
FIDUCIARY FUNDS
For The Year Ended December 31, 2005

	Private-Purpose Trust Funds	Agency Fund
Additions:		
Contributions:		
Other	\$ 26,540	\$ -
Total contributions	26,540	-
Agency fund additions	-	510,316
Total additions	26,540	510,316
Deductions:		
Capital outlay	28,906	-
Agency fund deductions	-	505,190
Total deductions	28,906	505,190
Excess (deficiency) of total additions over total deductions	(2,366)	5,126
Cash and investment fund balance - beginning	50,214	1,137
Cash and investment fund balance - ending	\$ 47,848	\$ 6,263

The notes to the financial statements are an integral part of this statement.

TOWN OF BOURBON
NOTES TO FINANCIAL STATEMENTS

I. Summary of Significant Accounting Policies

A. Reporting Entity

The Town was established under the laws of the State of Indiana. The Town operates under a Town Council form of government and provides the following services: public safety (police and fire), highways and streets, health and social services, culture and recreation, public improvements, planning and zoning, general administrative services, water, wastewater, and urban redevelopment and housing.

The Town's financial reporting entity is composed of the following:

Primary Government

In determining the financial reporting entity, the Town complies with the provisions of GASB Statement No. 14, *The Financial Reporting Entity*.

Joint Venture

The Town is a participant with Bourbon Township, Marshall County in a joint venture to operate the Bourbon Community Emergency Medical Services (EMS) which was created to provide emergency medical services to the Town and Township. The Town is obligated by contract to remit \$15,000 annually to supplement the EMS program. The EMS's continued existence depends on continued funding by the Town.

B. Government-Wide and Fund Financial Statements

Government-Wide Financial Statements

The Statement of Activities and Net Assets – Cash and Investment Basis display information about the reporting government as a whole. It includes all funds of the reporting entity except for fiduciary funds. The statement distinguishes between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

Fund Financial Statements

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitutes its assets, liabilities, fund equity, receipts, and disbursements. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

The Town reports the following major governmental funds: General, Motor Vehicle Highway, and Center Street Project

The general fund is the primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

TOWN OF BOURBON
NOTES TO FINANCIAL STATEMENTS
(Continued)

The motor vehicle highway fund accounts for the operation and maintenance of the Town's streets.

The center street project fund is used to account for the Town's share of the renovation of Center Street in Bourbon, a project being administered by the Indiana State Highway Department.

The Town reports the following major proprietary funds:

The water utility fund accounts for the operation of the water distribution system.

The wastewater utility fund accounts for the operation of the wastewater treatment plant, pumping stations and collection systems.

Additionally, the Town reports the following fund types:

The private-purpose trust fund reports a trust arrangement under which principal and income benefit the individual citizens of the Town of Bourbon.

Agency funds account for assets held by the Town as an agent for the state and federal governments.

C. Measurement Focus and Basis of Accounting

The government-wide, governmental fund, proprietary fund and fiduciary fund financial statements are reported using the basis of accounting that demonstrates compliance with the cash and investment basis and budget laws of the State of Indiana, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Receipts are recorded when received and disbursements are recorded when paid.

The cash and investment basis of accounting differs from accounting principles generally accepted in the United States of America in that receipts are recognized when received in cash rather than when earned and disbursements are recognized when paid rather than when a liability is incurred. Investment transactions are not presented on the financial statements.

If the Town utilized the basis of accounting recognized as generally accepted, the fund financial statements for governmental funds would use the modified accrual basis of accounting, while the fund financial statements for proprietary fund types would use the accrual basis of accounting. All government-wide financials would be presented on the accrual basis of accounting.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the enterprise fund statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their enterprise funds, subject to this same limitation. The Town has elected not to follow subsequent private-sector guidance.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the town and its water and wastewater utilities. Elimination of these charges would distort the direct costs and program receipts reported for the various functions concerned.

TOWN OF BOURBON
NOTES TO FINANCIAL STATEMENTS
(Continued)

Enterprise funds distinguish operating receipts and disbursements from nonoperating items. Operating receipts and disbursements generally result from providing services and producing and delivering goods in connection with an enterprise fund's principal ongoing operations. The principal operating receipts of the enterprise funds are charges to customers for sales and services. Operating disbursements for enterprise funds include the cost of sales and services and administrative costs. All receipts and disbursements not meeting this definition are reported as nonoperating receipts and disbursements. Internal service funds are used to account for activities provided to other departments or agencies primarily with the government. The Town does not have any internal service funds.

D. Assets and Cash and Investment Balances

1. Cash and Investments

Investments are stated at cost. Any changes in fair value of the investments are reported as interest receipts in the year of the sale of the investment.

2. Capital Assets

Capital assets arising from cash transactions acquired for use in governmental or proprietary fund operations are accounted for as capital outlay disbursements of the fund upon acquisition.

3. Long-Term Debt

Long-term debt arising from cash basis transactions of governmental and proprietary funds is not reported as liabilities in the basic financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest reported as disbursements.

4. Equity Classification

Government-Wide Statements

Equity is classified as net assets and displayed in two components:

- a. Restricted net assets – Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments, or (2) law through constitutional provisions or enabling legislation.
- b. Unrestricted net assets – All other net assets that do not meet the definition of "restricted."

It is the Town's policy to first use restricted net assets prior to the use of unrestricted net assets when a disbursement is incurred for purposes for which both restricted and unrestricted net assets are available.

Fund Financial Statements

Governmental fund equity is classified as fund balance. Proprietary fund equity is classified the same as in the government-wide statements.

TOWN OF BOURBON
NOTES TO FINANCIAL STATEMENTS
(Continued)

E. Receipts and Disbursements

1. Program Receipts

Amounts reported as program receipts include (1) charges to customers or applicants for goods, services, or privileges provided, (2) operating grants and contributions, and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general receipts rather than as program receipts. Likewise, general receipts include all taxes.

2. Operating Receipts and Disbursements

Operating receipts and disbursements for proprietary funds result from providing services and producing and delivering goods and/or services. They also include all receipts and disbursements not related to capital and related financing, noncapital financing, or investing activities.

F. Internal and Interfund Balances and Activities

In the process of aggregating the financial information for the government-wide Statement of Activities and Net Assets – Cash and Investment Basis, some amounts reported as interfund activity and balances in the fund financial statements have been eliminated or reclassified.

Fund Financial Statements

Interfund transfers – Flow of assets from one fund to another where repayment is not expected is reported as transfers in and out.

Government-Wide Financial Statements

Interfund activity and balances, if any, are eliminated or reclassified in the government-wide financial statements as follows:

Internal activities – Amounts reported as interfund transfers in the fund financial statements are eliminated in the government-wide Statement of Activities and Net Assets – Cash and Investment Basis except for the net amount of transfers between governmental and business-type activities, which are reported as Transfers – Internal Activities. The effects of interfund services between funds, if any, are not eliminated in the Statement of Activities – Cash and Investment Basis.

II. Stewardship, Compliance and Accountability

Budgetary Information

Annual budgets are adopted on the cash basis, which is not consistent with accounting principles generally accepted in the United States of America. All annual appropriations lapse at calendar year end.

On or before August 31, the fiscal officer of the Town submits to the governing board a proposed operating budget for the year commencing the following January 1. Prior to adoption, the budget is advertised and public hearings are conducted by the governing board to obtain taxpayer comments. In September of each year, the governing board, through the passage of a resolution/ordinance, approves the budget for

TOWN OF BOURBON
NOTES TO FINANCIAL STATEMENTS
(Continued)

the next year. Copies of the budget resolution/ordinance and the advertisement for funds for which property taxes are levied or highway use taxes are received are sent to the Indiana Department of Local Government Finance. The budget becomes legally enacted after the fiscal officer of the Town receives approval of the Indiana Department of Local Government Finance.

The Town's management cannot transfer budgeted appropriations between object classifications of a budget without approval of the governing board. The Indiana Department of Local Government Finance must approve any revisions to the appropriations for any fund or any department of the General Fund. The legal level of budgetary control is by object and department within the fund for the General Fund and by object within the fund for all other budgeted funds.

III. Detailed Notes on All Funds

A. Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. Indiana Code 5-13-8-1 allows a political subdivision of the State of Indiana to deposit public funds in a financial institution only if the financial institution is a depository eligible to receive state funds; and has a principal office or branch that qualifies to receive public funds of the political subdivision. The bank balances were insured by the Federal Deposit Insurance Corporation or the Public Deposit Insurance Fund, which covers all public funds held in approved depositories.

B. Interfund Transfers

Interfund transfers for the years ended December 31, 2004 and 2005, were as follows:

<u>Transfer In</u>	<u>Transfer Out</u>	<u>2004</u>	<u>2005</u>
General	General	\$ -	\$ 39,803
General	Motor Vehicle Highway	-	17,228
General	Other Governmental	-	5,890
General	Other Governmental	<u>3,260</u>	<u>-</u>
Totals		<u>\$ 3,260</u>	<u>\$ 62,921</u>

IV. Other Information

A. Risk Management

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; job related illnesses or injuries to employees, and natural disasters.

The risks of torts; theft of, damage to, and destruction of assets; errors and omissions; and dependents and natural disasters are covered by commercial insurance from independent third parties. Settled claims from these risks have not exceeded commercial insurance coverage for the past three years. There were no significant reductions in insurance by major category of risk. Risk financing is not utilized for the other risks of loss.

TOWN OF BOURBON
NOTES TO FINANCIAL STATEMENTS
(Continued)

Job Related Illnesses or Injuries to Employees

During 1992, the Town joined the Indiana Public Employee's Plan, a public entity risk pool currently operating as a common risk management and insurance program for 350 member governmental entities. This risk pool was formed in 1989. The purpose of the risk pool is to provide a medium for the funding and administration of job related illnesses or injuries to employees. The Town pays an annual premium to the risk pool for its workman's compensation coverage. The risk pool is considered a self-sustaining risk pool that will provide coverage for its members for up to \$1,000,000 per insured event. The risk pool obtains independent coverage for insured events in excess of the \$1,000,000 limit.

B. Subsequent Events

On April 11, 2006, the Town Council adopted Ordinance 2006-03, which amended Ordinance 2002-14, authorizing the sale of wastewater revenue bonds. On May 11, 2006, the Town sold Sewage Works Revenue Bonds in the amount of \$1,350,000 for the purpose of providing funds to pay certain sewage works and storm water improvements, a Bond Anticipation Note (BAN), and bond issuance costs.

C. Rate Structure – Enterprise Funds

Water Utility

On October 5, 1983, the Town Council adopted Ordinance 1983-8 to withdraw from the jurisdiction of the Indiana Utility Regulatory Commission. The current rate structure was approved by the Council on December 2, 1997.

Wastewater Utility

The current rate structure was approved by the Town Council on October 8, 2002.

D. Pension Plan

Plan Description

The Town contributes to the Indiana Public Employees' Retirement Fund (PERF), a defined benefit pension plan. PERF is an agent multiple-employer public employee retirement system, which provides retirement benefits to plan members and beneficiaries. All full-time employees are eligible to participate in the defined benefit plan. State statutes (IC 5-10.2 and 5-10.3) govern, through the PERF Board, most requirements of the system and give the Town authority to contribute to the plan. The PERF retirement benefit consists of the pension provided by employer contributions plus an annuity provided by the member's annuity savings account. The annuity savings account consists of member's contributions, set by state statute at 3% of compensation, plus the interest credited to the member's account. The employer may elect to make the contributions on behalf of the member.

PERF administers the plan and issues a publicly available financial report that includes financial statements and required supplementary information for the plan as a whole and for its participants. The report may be obtained by contacting:

TOWN OF BOURBON
NOTES TO FINANCIAL STATEMENTS
(Continued)

Public Employees' Retirement Fund
Harrison Building, Room 800
143 West Market Street
Indianapolis, IN 46204
Ph. (317) 233-4162

Funding Policy and Annual Pension Cost

The contribution requirements of plan members for PERF are established by the Board of Trustees of PERF. The Town's annual pension cost and related information, as provided by the actuary, is presented in this note.

Information to segregate the assets/liabilities and the actuarial study figures between the Town and the Utilities is not available.

Actuarial Information for the Above Plan

	PERF
Annual required contribution	\$ 28,629
Interest on net pension obligation	(1,241)
Adjustment to annual required contribution	1,414
Annual pension cost	28,802
Contributions made	36,098
Decrease in net pension obligation	(7,296)
Net pension obligation, beginning of year	(17,119)
Net pension obligation, end of year	\$ (24,415)
Contribution rates:	
Town	7.5%
Plan members	3%
Actuarial valuation date	07-01-05
Actuarial cost method	Entry age
Amortization method	Level percentage of projected payroll, closed
Amortization period	40 years
Amortization period (from date)	07-01-97
Asset valuation method	75% of expected actuarial value plus 25% of market value

TOWN OF BOURBON
NOTES TO FINANCIAL STATEMENTS
(Continued)

Actuarial Assumptions	PERF
Investment rate of return	7.25%
Projected future salary increases:	
Total	5%
Attributed to inflation	4%
Attributed to merit/seniority	1%
Cost-of-living adjustments	2%

Three Year Trend Information

	Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
PERF	06-30-03	\$ 33,364	89%	\$ (13,009)
	06-30-04	28,884	114%	(17,119)
	06-30-05	28,802	125%	(24,415)

TOWN OF BOURBON
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF FUNDING PROGRESS

Public Employees' Retirement Fund

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	Unfunded AAL as a Percentage of Covered Payroll ((a-b)/c)
07-01-03	\$ 424,429	\$ 532,358	\$ (107,929)	80%	\$ 433,630	(25%)
07-01-04	439,689	556,897	(117,208)	79%	409,358	(29%)
07-01-05	468,307	661,129	(192,822)	71%	509,708	(38%)

TOWN OF BOURBON
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND
 RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For The Year Ended December 31, 2004

	Local Road and Street	Park and Recreation	Pre-Trial Deferral	UTA Installment Prom Note Repayment	Storm Water	Law Enforcement Continuing Education	IDOC Storm Water Rate Study
Receipts:							
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	120	-
Intergovernmental	9,985	-	-	-	-	-	-
Charges for services	-	-	-	-	49,505	40	-
Fines and forfeits	-	-	-	-	-	3,774	-
Other	1,287	-	-	313	1,827	-	-
Total receipts	11,272	-	-	313	51,332	3,934	-
Disbursements:							
General government	-	-	-	-	21,403	-	-
Public safety	-	-	-	-	-	-	-
Highways and streets	20,350	-	-	-	-	-	-
Sanitation	-	-	-	-	-	-	-
Urban redevelopment and housing	-	-	-	-	-	-	-
Debt service:							
Principal	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-
Capital outlay:							
General government	-	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-	-
Total disbursements	20,350	-	-	-	21,403	-	-
Excess (deficiency) of receipts over disbursements	(9,078)	-	-	313	29,929	3,934	-
Other financing (uses) Transfers out	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(9,078)	-	-	313	29,929	3,934	-
Cash and investment fund balance - beginning	69,064	222	820	47,335	69,093	11,292	600
Cash and investment fund balance - ending	<u>\$ 59,986</u>	<u>\$ 222</u>	<u>\$ 820</u>	<u>\$ 47,648</u>	<u>\$ 99,022</u>	<u>\$ 15,226</u>	<u>\$ 600</u>
Cash and Investment Assets - December 31							
Cash and investments	\$ 59,986	\$ 222	\$ 820	\$ 47,648	\$ 99,022	\$ 15,226	\$ 600
Restricted assets:							
Cash and investments	-	-	-	-	-	-	-
Total cash and investment assets - December 31	<u>\$ 59,986</u>	<u>\$ 222</u>	<u>\$ 820</u>	<u>\$ 47,648</u>	<u>\$ 99,022</u>	<u>\$ 15,226</u>	<u>\$ 600</u>
Cash and Investment Fund Balance - December 31							
Restricted for:							
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	59,986	222	820	47,648	99,022	15,226	600
Total cash and investment fund balance - December 31	<u>\$ 59,986</u>	<u>\$ 222</u>	<u>\$ 820</u>	<u>\$ 47,648</u>	<u>\$ 99,022</u>	<u>\$ 15,226</u>	<u>\$ 600</u>

TOWN OF BOURBON
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND
 RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For The Year Ended December 31, 2004
 (Continued)

	Indiana Criminal Justice Institute	Indiana Criminal Justice Oper Pull-Over	Bourbon P.D. Dare Program	Community Development Block Grant	Emergency Medical Services	Rainy Day	Trash/ Garbage Collections
Receipts:							
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 25,831	\$ -
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	2,175	-	-	-	-	-
Charges for services	-	-	-	-	53,283	-	72,026
Fines and forfeits	-	-	-	-	-	-	-
Other	-	-	400	16,298	970	-	-
Total receipts	-	2,175	400	16,298	54,253	25,831	72,026
Disbursements:							
General government	-	-	-	-	-	-	-
Public safety	-	2,186	196	-	34,522	-	-
Highways and streets	-	-	-	-	-	-	-
Sanitation	-	-	-	-	-	-	66,210
Urban redevelopment and housing	-	-	-	7	-	-	-
Debt service:							
Principal	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-
Capital outlay:							
General government	-	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-	-
Total disbursements	-	2,186	196	7	34,522	-	66,210
Excess (deficiency) of receipts over disbursements	-	(11)	204	16,291	19,731	25,831	5,816
Other financing (uses)							
Transfers out	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	(11)	204	16,291	19,731	25,831	5,816
Cash and investment fund balance - beginning	136	158	(103)	7,142	119,969	-	(745)
Cash and investment fund balance - ending	<u>\$ 136</u>	<u>\$ 147</u>	<u>\$ 101</u>	<u>\$ 23,433</u>	<u>\$ 139,700</u>	<u>\$ 25,831</u>	<u>\$ 5,071</u>
Cash and Investment Assets - December 31							
Cash and investments	\$ 136	\$ 147	\$ 101	\$ 23,433	\$ 139,700	\$ 25,831	\$ 5,071
Restricted assets:							
Cash and investments	-	-	-	-	-	-	-
Total cash and investment assets - December 31	<u>\$ 136</u>	<u>\$ 147</u>	<u>\$ 101</u>	<u>\$ 23,433</u>	<u>\$ 139,700</u>	<u>\$ 25,831</u>	<u>\$ 5,071</u>
Cash and Investment Fund Balance - December 31							
Restricted for:							
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	136	147	101	23,433	139,700	25,831	5,071
Total cash and investment fund balance - December 31	<u>\$ 136</u>	<u>\$ 147</u>	<u>\$ 101</u>	<u>\$ 23,433</u>	<u>\$ 139,700</u>	<u>\$ 25,831</u>	<u>\$ 5,071</u>

TOWN OF BOURBON
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND
 RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For The Year Ended December 31, 2004
 (Continued)

	Economic Development Commission	Fire Equipment Replacement Fund	Cumulative Capital Improvement	Cumulative Capital Development	Debt Service- Town Hall Renovation	Totals
Receipts:						
Taxes	\$ -	\$ -	\$ -	\$ 17,140	\$ 29,113	\$ 72,084
Licenses and permits	-	-	-	-	-	120
Intergovernmental	-	10,000	6,310	2,060	3,445	33,975
Charges for services	-	-	-	-	-	174,854
Fines and forfeits	-	-	-	-	-	3,774
Other	-	702	861	9,000	-	31,658
Total receipts	-	10,702	7,171	28,200	32,558	316,465
Disbursements:						
General government	-	-	-	-	-	21,403
Public safety	-	-	-	-	-	36,904
Highways and streets	-	-	-	-	-	20,350
Sanitation	-	-	-	-	-	66,210
Urban redevelopment and housing	-	-	-	-	-	7
Debt service:						
Principal	-	-	-	-	25,000	25,000
Interest	-	-	-	-	5,530	5,530
Capital outlay:						
General government	-	-	-	6,215	-	6,215
Highways and streets	-	-	-	24,080	-	24,080
Total disbursements	-	-	-	30,295	30,530	205,699
Excess (deficiency) of receipts over disbursements	-	10,702	7,171	(2,095)	2,028	110,766
Other financing (uses)						
Transfers out	-	-	-	-	(3,260)	(3,260)
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	10,702	7,171	(2,095)	(1,232)	107,506
Cash and investment fund balance - beginning	229	72,036	6,352	24,451	13,699	441,750
Cash and investment fund balance - ending	<u>\$ 229</u>	<u>\$ 82,738</u>	<u>\$ 13,523</u>	<u>\$ 22,356</u>	<u>\$ 12,467</u>	<u>\$ 549,256</u>
Cash and Investment Assets - December 31						
Cash and investments	\$ 229	\$ 82,738	\$ 13,523	\$ 22,356	\$ -	\$ 536,789
Restricted assets:						
Cash and investments	-	-	-	-	12,467	12,467
Total cash and investment assets - December 31	<u>\$ 229</u>	<u>\$ 82,738</u>	<u>\$ 13,523</u>	<u>\$ 22,356</u>	<u>\$ 12,467</u>	<u>\$ 549,256</u>
Cash and Investment Fund Balance - December 31						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	12,467	\$ 12,467
Unrestricted	229	82,738	13,523	22,356	-	536,789
Total cash and investment fund balance - December 31	<u>\$ 229</u>	<u>\$ 82,738</u>	<u>\$ 13,523</u>	<u>\$ 22,356</u>	<u>\$ 12,467</u>	<u>\$ 549,256</u>

TOWN OF BOURBON
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
 PRIVATE-PURPOSE TRUST FUNDS
 For The Year Ended December 31, 2004

	Bourbon Senior Activity Center	Park Donation	EMS Donation Radio	EMS Donation Ambulance	EMS Donation Training	Total
Additions:						
Contributions:						
Other	\$ 1,000	\$ 10,000	\$ 425	\$ 18,250	\$ -	\$ 29,675
Deductions:						
Capital outlay	17,065	10,000	-	-	-	27,065
Excess (deficiency) of total additions over total deductions	(16,065)	-	425	18,250	-	2,610
Cash and investment fund balance - beginning	16,642	2,625	20,797	5,150	2,390	47,604
Cash and investment fund balance - ending	<u>\$ 577</u>	<u>\$ 2,625</u>	<u>\$ 21,222</u>	<u>\$ 23,400</u>	<u>\$ 2,390</u>	<u>\$ 50,214</u>

TOWN OF BOURBON
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND
 RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For The Year Ended December 31, 2005

	Local Road and Street	Park and Recreation	Pre-Trial Deferral	UTA Installment Prom Note Repayment	Storm Water	Law Enforcement Continuing Education	IDOC Storm Water Rate Study
Receipts:							
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	95	-
Intergovernmental	11,042	-	-	-	-	-	-
Charges for services	-	-	-	-	50,934	130	-
Fines and forfeits	-	-	-	-	-	813	-
Other	456	-	-	489	1,987	-	-
Total receipts	11,498	-	-	489	52,921	1,038	-
Disbursements:							
General government	-	-	-	-	21,000	-	-
Public safety	-	-	-	-	-	1,898	-
Highways and streets	20,690	-	-	-	-	-	-
Sanitation	-	-	-	-	-	-	-
Urban redevelopment and housing	-	-	-	-	-	-	-
Debt service:							
Principal	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-
Capital outlay:							
General government	-	-	-	-	-	-	-
Total disbursements	20,690	-	-	-	21,000	1,898	-
Excess (deficiency) of receipts over disbursements	(9,192)	-	-	489	31,921	(860)	-
Other financing sources (uses)							
Transfers out	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(9,192)	-	-	489	31,921	(860)	-
Cash and investment fund balance - beginning	\$ 59,986	\$ 222	\$ 820	\$ 47,648	\$ 99,022	\$ 15,226	\$ 600
Cash and investment fund balance - ending	\$ 50,794	\$ 222	\$ 820	\$ 48,137	\$ 130,943	\$ 14,366	\$ 600
Cash and Investment Assets - December 31							
Cash and investments	\$ 50,794	\$ 222	\$ 820	\$ 48,137	\$ 130,943	\$ 14,366	\$ 600
Restricted assets:							
Cash and investments	-	-	-	-	-	-	-
Total cash and investment assets - December 31	\$ 50,794	\$ 222	\$ 820	\$ 48,137	\$ 130,943	\$ 14,366	\$ 600
Cash and Investment Fund Balance - December 31							
Restricted for:							
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	50,794	222	820	48,137	130,943	14,366	600
Total cash and investment fund balance - December 31	\$ 50,794	\$ 222	\$ 820	\$ 48,137	\$ 130,943	\$ 14,366	\$ 600

TOWN OF BOURBON
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND
 RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For The Year Ended December 31, 2005
 (Continued)

	Indiana Criminal Justice Institute	Indiana Criminal Justice Oper Pull-Over	Bourbon P.D. Dare Program	Community Development Block Grant	Emergency Medical Services	Rainy Day	Trash/ Garbage Collections
Receipts:							
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	1,789	-	-	-	-	-
Charges for services	-	-	-	-	49,863	-	74,750
Fines and forfeits	-	-	-	-	-	-	-
Other	-	-	250	10,597	921	-	-
Total receipts	-	1,789	250	10,597	50,784	-	74,750
Disbursements:							
General government	-	-	-	-	-	-	-
Public safety	-	1,796	158	-	47,198	-	-
Highways and streets	-	-	-	-	-	-	-
Sanitation	-	-	-	-	-	-	62,706
Urban redevelopment and housing	-	-	-	5,097	-	-	-
Debt service:							
Principal	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-
Capital outlay:							
General government	-	-	-	-	-	20,500	-
Total disbursements	-	1,796	158	5,097	47,198	20,500	62,706
Excess (deficiency) of receipts over disbursements	-	(7)	92	5,500	3,586	(20,500)	12,044
Other financing sources (uses)							
Transfers out	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	(7)	92	5,500	3,586	(20,500)	12,044
Cash and investment fund balance - beginning	\$ 136	\$ 147	\$ 101	\$ 23,433	\$ 139,700	\$ 25,831	\$ 5,071
Cash and investment fund balance - ending	<u>\$ 136</u>	<u>\$ 140</u>	<u>\$ 193</u>	<u>\$ 28,933</u>	<u>\$ 143,286</u>	<u>\$ 5,331</u>	<u>\$ 17,115</u>
<u>Cash and Investment Assets - December 31</u>							
Cash and investments	\$ 136	\$ 140	\$ 193	\$ 28,933	\$ 143,286	\$ 5,331	\$ 17,115
Restricted assets:							
Cash and investments	-	-	-	-	-	-	-
Total cash and investment assets - December 31	<u>\$ 136</u>	<u>\$ 140</u>	<u>\$ 193</u>	<u>\$ 28,933</u>	<u>\$ 143,286</u>	<u>\$ 5,331</u>	<u>\$ 17,115</u>
<u>Cash and Investment Fund Balance - December 31</u>							
Restricted for:							
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	<u>136</u>	<u>140</u>	<u>193</u>	<u>28,933</u>	<u>143,286</u>	<u>5,331</u>	<u>17,115</u>
Total cash and investment fund balance - December 31	<u>\$ 136</u>	<u>\$ 140</u>	<u>\$ 193</u>	<u>\$ 28,933</u>	<u>\$ 143,286</u>	<u>\$ 5,331</u>	<u>\$ 17,115</u>

TOWN OF BOURBON
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND
 RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For The Year Ended December 31, 2005
 (Continued)

	Economic Development Commission	Fire Equipment Replacement Fund	Cumulative Capital Improvement	Cumulative Capital Development	Debt Service- Town Hall Renovation	Totals
Receipts:						
Taxes	\$ -	\$ -	\$ -	\$ 21,479	\$ 37,555	\$ 59,034
Licenses and permits	-	-	-	-	-	95
Intergovernmental	-	10,000	5,227	2,696	4,712	35,466
Charges for services	-	-	-	-	-	175,677
Fines and forfeits	-	-	-	-	-	813
Other	-	1,503	-	-	-	16,203
Total receipts	-	11,503	5,227	24,175	42,267	287,288
Disbursements:						
General government	-	-	-	-	-	21,000
Public safety	-	-	-	-	-	51,050
Highways and streets	-	-	-	-	-	20,690
Sanitation	-	-	-	-	-	62,706
Urban redevelopment and housing	-	-	-	-	-	5,097
Debt service:						
Principal	-	-	-	-	30,000	30,000
Interest	-	-	-	-	4,444	4,444
Capital outlay:						
General government	-	-	15,088	-	-	35,588
Total disbursements	-	-	15,088	-	34,444	230,575
Excess (deficiency) of receipts over disbursements	-	11,503	(9,861)	24,175	7,823	56,713
Other financing sources (uses)						
Transfers out	-	-	-	(2,135)	(3,755)	(5,890)
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	11,503	(9,861)	22,040	4,068	50,823
Cash and investment fund balance - beginning	\$ 229	\$ 82,738	\$ 13,523	\$ 22,356	\$ 12,467	\$ 549,256
Cash and investment fund balance - ending	\$ 229	\$ 94,241	\$ 3,662	\$ 44,396	\$ 16,535	\$ 600,079
<u>Cash and Investment Assets - December 31</u>						
Cash and investments	\$ 229	\$ 94,241	\$ 3,662	\$ 44,396	\$ -	\$ 583,544
Restricted assets:						
Cash and investments	-	-	-	-	16,535	16,535
Total cash and investment assets - December 31	\$ 229	\$ 94,241	\$ 3,662	\$ 44,396	\$ 16,535	\$ 600,079
<u>Cash and Investment Fund Balance - December 31</u>						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ 16,535	\$ 16,535
Unrestricted	229	94,241	3,662	44,396	-	583,544
Total cash and investment fund balance - December 31	\$ 229	\$ 94,241	\$ 3,662	\$ 44,396	\$ 16,535	\$ 600,079

TOWN OF BOURBON
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
 PRIVATE-PURPOSE TRUST FUNDS
 For The Year Ended December 31, 2005

	Bourbon Senior Activity Center	Park Donation	EMS Donation Radio	EMS Donation Ambulance	EMS Donation Training	Total
Additions:						
Contributions:						
Other	\$ 1,000	\$ 1,000	\$ -	\$ 24,385	\$ 155	\$ 26,540
Deductions:						
Capital outlay	-	598	-	28,308	-	28,906
Excess (deficiency) of total additions over total deductions	1,000	402	-	(3,923)	155	(2,366)
Cash and investment fund balance - beginning	577	2,625	21,222	23,400	2,390	50,214
Cash and investment fund balance - ending	<u>\$ 1,577</u>	<u>\$ 3,027</u>	<u>\$ 21,222</u>	<u>\$ 19,477</u>	<u>\$ 2,545</u>	<u>\$ 47,848</u>

TOWN OF BOURBON
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF LONG-TERM DEBT

For The Year Ended December 31, 2005

	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental Activities:		
Notes and loans payable:		
Bond Anticipation Note	\$ 600,000	\$ 600,000
Bonds payable:		
General obligation bonds:		
Town Hall Renovation Issue	<u>90,000</u>	<u>30,000</u>
Total governmental activities long-term debt	<u>\$ 690,000</u>	<u>\$ 630,000</u>

TOWN OF BOURBON
AUDIT RESULT AND COMMENT

CAPITAL ASSET RECORDS

Information presented for audit indicates the Town has not properly valued and categorized its capital assets.

The capital asset records of the Utilities are not maintained in sufficient detail to properly account for all of the capital assets, including annual additions of newly purchased assets and deletions of those disposed of or otherwise taken out of service.

Every governmental unit should have a complete inventory of all capital assets owned which reflect their acquisition value. Such inventory should be recorded in the Capital Assets Ledger. A complete inventory should be taken every year for good internal control and for verifying account balances carried in the accounting records. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

TOWN OF BOURBON
EXIT CONFERENCE

The contents of this report were discussed on September 21, 2006, with Kimberly A. Berger, Clerk-Treasurer; and Bill Keyser, President of the Town Council. The officials concurred with our audit finding.